Consensus on VAT

179. SHRI R.P. GOENKA:
SHRI PRANAB MUKHERJEE:
SHRI P. PRABHAKAR REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether any consensus has been arrived at in regard to the introduction of Value Added Tax;

(b) if the answer to part (a) be in the affirmative, by when the VAT is to be operationalised; and

(c) whether adequate infrastructure has been created at the State level and if not, by when States will be ready with well-equipped implementation machinery?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) In the meeting of Chief Ministers of States/UTs held on 16.11.1999, all States/UTs had unanimously agreed to replace their existing Sales Tax System with a Value Added System.

(b) The road map for operationalisation of Value Added Tax is a decision to be taken by the Empowered Committee of State Finance Ministers on Sales Tax reforms.

(c) Under Entry 54 of List II (State List) of the Seventh Schedule to the Constitution, tax on sale or purchase of goods is a State subject. Value Added Tax is to replace the exisiting sales tax system in the States and UTs. Hence, each individual State has to build its own infrastructure and machinery in this regard.

Guarantees to State Undertakings

180. SHRI SURESH PACHOURI:
SHRI PRANAB MUKHERJEE:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that many of the State Governments are providing guarantee to the State undertakings without effective scrutiny;

(b) if so, what are the impact on banks' advances to such undertakings on the basis of State guarantees; and

(c) whether it is adding to the Bankers' NPAs (Non-performing Assets)?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) to (c) Outstanding guarantees issued by State Governments have been rising in recent years. Some States had routinely started resorting to guaranteed backed borrowings from Special Purpose Vehicles. Development on State Governments, due to defaults by entities for whom Guarantees have been issued, place additional burden on State finances. Non-adherence to the payment obligations committed by the States in respect of the devolving guarantees have adverse implications on the health of the financial sector consequent upon the exposure of banks and financial institutions to State guaranteed debt.

Agreement with Chinese banks

181. SHRI K. NATWAR SINGH:
DR. T. SUBBARAMI REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether Indian and Chinese banks have decided to work closely to support business;

(b) if so, whether to give a fillip to greater investment and trade by domestic companies in China, Indian banks will be looking at entering into counterpart agreement with Chinese banks;

(c) whether business leaders have also requested the Reserve Bank of India and the Central Bank of China to collaborate closely so that there is a synergy in banking policies of the two countries; and

(d) if so, to what extent both India and China have agreed to help the business to flourish in both the countries?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) to (d) The information is being collected and will be laid on the Table of the House to the extent available.